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Colombia

Exporter Guide

Annual

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Report Highlights:

The United States accounted for about 40 percent of Colombia's agricultural imports in 2007 largely due to the weak dollar, high commodity prices and increased demand. These trends are likely to decrease in 2008 due to declining economic growth. Nevertheless, Colombia remains the United State's largest agricultural export market in South and Central America and opportunities to expand exports remains strong, in spite of delays in implementing the U.S./Colombia Trade Promotion Agreement.

Includes PSD Changes: No
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SECTION I. MARKET OVERVIEW

The Colombian food and beverage industry grew 5.8 percent in 2007, which represented 27.6 percent of total industrial production. This sector has been growing at the same rate as the rest of the economy, which was estimated at 8.2 percent in 2007. The slowdown in growth that occurred in 2007 versus 2006 in this sector was mainly due to three factors: the uncertainty of the implementation of the Colombian Trade Promotion Agreement (CTPA), weak commercial relations with Venezuela, and high interest rates.

Colombia has a sophisticated industry in the production of dairy products, cold cuts, confectionary, crackers, pastas, bakery mixes, breakfast cereals, sauces, soft drinks, snacks and oils and margarines. The under 30 years-of-age demographic of the Colombian population accounts for 60 percent of total population, but only 20 percent of total purchasing power. Women participating in the labor force have created a growing market for more healthy and convenient food products. Consumers are also becoming more health conscious, and markets for low fat, low calorie and organic products are rapidly growing.

The hypermarket/supermarket sector in Colombia reported sales of approximately \$7.1 billion in 2007. Colombian food retailers are making large investments in expansion and modernization of their outlets. Concentration and consolidation have become the dominant trend in the Colombian retail sector. Domestic supermarket chains continue seeking strategic alliances with foreign partners in an effort to capture market share. The giants of Colombian retail continue opening new stores targeting new demographics and new cities.

The hotel business in Colombia has been steadily growing since 2000 largely due to the growing economy and increased security. In 2007, occupancy reached 60 percent and sales for hotel rooms and conference rooms rose to \$1.7 billion according to data released by the Colombian Hotel Association (COTELCO). The restaurant sector, similarly, has grown at a steady rate of 6 percent on average annually for the past 7 years. The Colombian Restaurant Association, ACODRES, indicated that total sales in 2007 reached over \$3 billion. In 2008, growth of the restaurant sector is expected to slow along with slowing economic growth.

The Government of Colombia (GOC) has been reviewing its food and food related legislation over the past several months because of changes in regulatory food safety responsibilities. The GOC via the Ministry of Social Protection has increased INVIMA's (National Institute for the Surveillance of Food and Medicines) inspection and food safety policy making role. INVIMA has said it wants to create more specific rules for products or groups of products as well as to facilitate trade. Some recent regulations deal with production, processing, trade and domestic distribution of meat and meat products; milk and dairy products; and swine slaughtering and pork products. Exporters need to work closely with importers to ensure compliance with any new import requirements.

SECTION II. Entry Strategy and Tips for Exporters

- Determine your level of competitiveness based on quality, price and service.
- Consider innovative marketing strategies when introducing new products. At the moment, the social responsibility marketing approach is being implemented by big supermarkets. Exito Hypermarkets have a children and nutrition program. Carulla-Vivero Supermarkets encourage customers to donate small change for social programs, such as housing, education and feeding. Carrefour programs focus on the environment and professional education.
- Provide a guarantee of a consistent supply of products.
- Consider consolidating several small orders for different customers.
- Support importers by investing in promotional programs, such as trade exhibits, sampling, advertising, etc.
- Keep good contact with the managers of the importing company. Plan visits to their companies and maintain good personal contact with them. Personal contact is key and greatly appreciated in Colombia.
- Establish direct contact with large importers to develop a low cost, direct-sales approach and to offer products and services.
- Take advantage of domestic agricultural trade shows using the support provided by the Foreign Agricultural Service/U.S. Embassy in Bogota. Alimentec is the Colombian trade show for food products and ingredients. It takes place every other year. The next Alimentec will take place in July/August 2010. Also take advantage of the Colombian companies who attend US food shows such as the Food and Beverages of the Americas in Miami, National Restaurant Association Trade Show in Chicago (NRA); Food Marketing Institute Trade Show in Chicago, FMI, Institute of Food and Technology, Produce Marketing Association (PMA), and Fancy Food Show in New York. Try to meet with them, and if time permits, show them your operation in the United States
- Be ready to offer the possibility of manufacturing with private labels. Supermarkets are interested in this option, which often makes them better price competitive.
- Prepare Spanish marketing material that highlight products and services available

Travel Warning and Visas

- Business visas are valid for up to three years, can be renewed, and can be used for multiple entries into Colombia for stays of up to six months per visit.
- Although business travelers may enter Colombia on a tourist visa, businessmen traveling under a tourist visa should not sign contracts, because they may be considered invalid and/or non-binding.
- United States business travelers can obtain copies of the travel warning and other up-to-date travel information and publications such as tips for Travelers to Central and South America, via the Internet at http://www.access.gpo.gov/su_docs; or via the Bureau of Consular Affairs Home Page at <http://www.travel.state.gov>

Advantages	Challenges
<ul style="list-style-type: none"> ○ The Colombian food market is dynamic and efficient. ○ Economic growth taking place in Colombia is also reflected in the people's purchasing power. ○ An increasingly urban population is exposed to media publicity for food products. ○ Demand in Colombia for processed foods and other high-value food products have grown over the past several years. ○ The United States continues to be Colombia's number one trading partner. The United States accounts for 34% of food and agricultural imports. ○ The CTPA between the United States and Colombia will boost imports of food products from the United States. ○ Colombian consumers perceive U.S. food products to be of high quality. ○ The Colombian HRI sector has great potential to grow as a result of tourism, business activities in major cities and improvements in purchasing power. ○ Well-known American hotel chains are building and in the process of opening numerous new hotels in Colombia. ○ Multinational companies established in Colombia are taking advantage of their brand name recognition to position new imported products. ○ Large international fast food franchises are present in the market though they are being displaced by joint ventures. Both face strong domestic competition. ○ Alliances and merging with foreign companies are broadening the scope of the food business. ○ The large young population has stimulated the expansion of fast food chains and quick service restaurants. ○ Increased female participation in the labor force is generating growing demand for value-added food products and beverages. ○ Colombians are now more health conscious and selective shoppers. The shift from basic to high-quality foods continues. ○ Upper and middle class Colombians are eating out more frequently, devoting up to 24 percent of their earnings to eating out. ○ The strengthening dollar is still historically weak favoring imports of food products. ○ The rural area is being explored as a new niche market for mass consumption products such as sauces, spices, snacks, broths, soups, soft drinks and bakery products ○ Investment in new outlets continues as part of the effort to penetrate regional markets and 	<ul style="list-style-type: none"> ○ Product registration can be expensive (from \$830 to \$1,740 per product). ○ Customs clearance is being simplified and many import /export procedures can be done by internet. ○ Consumption of processed foods is low by international standards and highly price-sensitive. ○ US products have to be price competitive and high quality, accompanied by efficient post-sale service to face increasing competition from local processing companies. ○ Innovation and new concepts for low-cost products are a must to gain market access. ○ Private labels are expanding rapidly. ○ Supply is important and US companies offering products must guarantee consistent supply all year round. ○ Competition has intensified. Consumer-ready-products are available from around the world, and Colombian companies and foreign affiliates are introducing a variety of new products. ○ Besides the basic duty of 20 percent for most processed food products, the Andean Community assesses a variable duty for a number of products such as pet food, poultry, beef cuts, pork, dry beans and milk powder. ○ Trade agreements with US competitors make some US products less competitive. Chile is the main competitor in wine and fresh fruits, with a zero duty for most products. ○ The cold chain network is still a limiting factor for future development of the food sector. ○ New labeling regulations may imply higher cost to exporters.

attract unattended consumers.	
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PRODUCT PREPARATION/REGISTRATIONS AND PERMITS

Company/Importer Registration

Every Colombian importer must be registered with the Ministry of Commerce, Industry and Tourism (MOCIT). United States exporters seeking to sell to a Colombian firm should ascertain that the Colombian importer has obtained the legal authority to import agricultural products by completing the MOCIT registration process. Once registered, the importer or importing company enjoys the legal right to import any agricultural product.

Most agricultural imported products require an import registration form (cost 30,000 pesos or about \$14) issued by the MOCIT. Import registration approval takes about two working days.

Product Registration

All processed retail food items, including products imported in bulk for repackaging for retail use without further processing, must be registered and approved by INVIMA. INVIMA charges a registration fee ranging from \$796.00 for ready-to-be consumed food products to \$1,670.00 for enriched food items per product. According to Decree 3075 of 1997, product registration is not required for:

- Products that are not subject to any transformation, such as grains, fruits, fresh vegetable, honey, etc.
- Products of animal origin, which are not subject to any transformation process.
- Products used as raw materials by the food industry or HRI sector in food preparation.

A transformed product is defined by the GOC as having been subjected to processing that resulted in a change in its internal structure.

INVIMA registration is valid for 10 years but only for the applicant (exporter or importer) and the manufacturer specified in it. Whenever the United States exporter wants to change its Colombian importer, there are two possibilities:

(a) If the United States exporter is the applicant United States exporter must initiate a new registration process, specifying his new importer(s). Afterwards, he may change his importer(s) whenever he deems it advisable. The United States exporter must apply through his legal representative in Colombia or a lawyer.

INVIMA registration is valid only for the specifications (e.g., product description) mentioned in the registration. If another presentation of the same product is to be imported, the registering company needs to inform INVIMA in writing of the new product.

INVIMA registration of processed foods requires: (1) a written document from the manufacturer stating that it manufactures the product; and (2) a certificate of free sale stating that the products are approved for human consumption in the United States. This certificate needs to be issued by a United States government (state, local or federal) health authority. Although not strictly required, INVIMA registration is facilitated if a description of the manufacturing process and a list of the ingredients, including any additives,

preservatives, and colorings (dyes), are submitted. Since Colombia implemented The Hague Convention of October 5, 1961 with Law 455 of August 4, 1998, facilitating import documentation, the above listed documents must carry an "apostille" stamp. The "apostille" stamp fee amounts to \$20 each and it is produced by different authorities in each State, i.e. a Notary or a State Secretary or Under Secretary. This procedure replaced the notarization by the Colombian Embassy or a Consulate in the United States and by the Ministry of Foreign Affairs in Bogota. A translator approved by the Ministry of Foreign Affairs must translate these documents into Spanish.

After the submission of all required documentation, product registration by INVIMA takes about three working days although it has taken much longer. Internet can carry out most of the product registration process. After issuing the product registration, INVIMA analyzes the documents provided by the importer and may request additional information within a given period. Some importers complain that this procedure may result in additional requirements that become non-tariff barriers to trade. Product samples may also be taken from the shelf to conduct laboratory tests.

Sanitary Permit Requirement: Products used as raw materials by the food industry or the HRI sector in food preparation do not need an INVIMA registration, but they do need a sanitary permit from the Ministry of Agriculture's Colombian Agricultural Institute (ICA). ICA is responsible for the issuance of import sanitary permits for animal products, vegetables, fruits, grains, pet food and agricultural inputs, including seeds and GMO's. The permit details the phyto-sanitary and zoo-sanitary (SPS) import requirements for every shipment. The Colombian importer must first obtain the import permit from ICA, before requesting an import registration from the MOCIT. The importer should supply the exporter with the ICA import permit for submission to USDA. USDA then issues a sanitary export certificate referencing the requirements in ICA's import permit. No shipments should be loaded and transported without the submission of the sanitary permit. Whenever ICA issues new health requirements, the health agency in the United States is notified to see if it can comply with the new requirements. Both FSIS and APHIS place the Colombian sanitary requirements on their respective web pages.

For ICA approval, the product must: (1) come from a USDA inspected facility; (2) be free of disease; (3) be inspected by USDA prior to its shipment and be accompanied by a USDA export health certificate; and (4) be inspected by an ICA veterinarian upon arrival in Colombia.

Labeling and Marking Requirements: The Government of Colombia (GOC) requires country-of-origin labeling for processed foods. The GOC does not classify frozen vegetables as a processed food and, therefore, no country of origin labeling is required.

The GOC issued resolution 5109 of December 29, 2005, through the Ministry of Social Protection (previously known as Ministry of Health) establishing labeling requirements for canned/packed food products, ingredients and raw food materials. The Decree includes the listing of food products included in Chapters 2-5, 7-12, and 15-21 of the CUII. The label must contain the following information: food product name, list of ingredients, net content and drained weight, producer name and address, country of origin, lot identification, date marking and instructions for product conservation, instructions for product use, and sanitary registration number. These requirements apply to both domestic and imported canned food products and raw food materials. GOC officials have stated that stickers are admitted on the imported products, but they must contain the information of the product stated in the original label translated into Spanish. The most important information is lot identification number and expiration date.

Imported processed food products that are not destined for further processing must comply with the labeling requirements mentioned above. GOC labeling requirements for processed foods do not address the question of ingredient origin. Therefore, if an imported food item contains ingredients from more than one country, for example, United States and Canadian peas in the same frozen package, the label must only identify the processor's name and address and the country where the product was manufactured. The GOC's product labeling requirements for imported processed foods do not require that the exporter identification information be affixed in a specific part of the package.

Product labeling information on imported processed products must be present at the point of retail sale. The responsibility for this labeling information rests with the importer, not the retailer. Many Colombian importers arrange for this information to be placed on the product by the exporting firm, before it enters Colombia.

For processed products shipped with Spanish labels, the following information must be shown: product name, name and address of importer, name and address of processor, net contents in metric units, list of ingredients, Ministry of Social Protection (INVIMA) registration number, any recommended method of storage/conservation, and product expiration date, if appropriate

Imports that are destined for further processing, such as mechanically deboned chicken, cacao and powdered milk, also require country-of-origin labeling. The GOC does not require country-of-origin labeling for imported bulk-packed or consumer-packed fresh fruits and vegetables. The GOC does not require a sticker/label indicating country of origin on individual pieces of fresh fruit. Colombian consumers, therefore, seldom are aware of the origin of imported fruit and vegetables.

Labeling for Food Products.

Food products that are canned, bottled, filled or packed by Colombian marketing agents such as chain stores, supermarkets, delicatessen, etc for further commercialization must be labeled in accordance to this resolution and must contain at least the following information:

1. Name of the product
2. Ingredients list in decreasing order of weight content
3. Net content and drained weight in metric units (i.e., grams, kilograms).
4. Name and address of producer/processor or importer
5. Origin country
6. Lot identification or "L" to identify production date, expiration date, minimum shelf-life, etc.
7. Expiration date and/or the minimum shelf-life in a legible, visible and indelible way.
8. Preservation method or system
9. Sanitary registration number issued by INVIMA

Patents and Trademarks

- The Superintendence of Industry and Commerce under the MOCIT is in charge of patents and trademarks.
- Protection of patents, trademarks and plant varieties is based on regulations by the Andean Community of Nations (CAN). These are generally consistent with international standards for protecting intellectual property rights, and also govern protection of industrial secrets.
- Patents have a 20-year term of protection.

- Trademark registrations have a ten-year validity and may be renewed for successive ten-year periods.
- Priority rights are granted to the first application for a trademark in an Andean Community country.
- Colombia is a member of the Inter-American Convention for Trademark and Commercial Protection and the Treaty of Patent Cooperation. The Andean Community decision on patent and trademark protection also provides for protection of industrial secrets.

Samples

- As a general rule, samples require the same documents as commercial imports.
- Samples do not require an import license, registration form or import duty payment when samples are consigned to a designated free trade zone, bonded warehouse or imported on a temporary in-bond basis.
- Food samples can be sent to Colombia for market testing purposes with a previous notification to INVIMA's Director for Food and Alcohol beverages (invimal@invima.gov.co).

Courier and Express Shipments

- Courier or express shipments not exceeding \$1,000 in value and 20 Kilograms in weight are freely imported into Colombia.
- Air and surface shipments of products are allowed.
- The number of units of the same product should not exceed 6 units to be considered a sample.
- Express mail or parcel Post are subject to the Colombian import regulations especially related to sanitary certificates.

Distribution and Sales Channels

- The Colombian food industry ranges from state-of-the-art processing food companies to all types of retail outlets, including sophisticated hypermarkets, supermarket chain stores, department stores, specialty stores, mini-markets, wet markets, cooperatives, street vendors and truckers who engage in door-to-door peddling.
- Radio and TV sales, as well as Internet e-commerce sales are becoming more popular.
- Direct marketing through credit card promotions, flyers, polls, and sales calls to either home or office sites are also popular, including home delivery services. Chain stores and large distributors have their own catalogs for phone, mail orders and internet purchases, which can be paid for with cash, check, or credit card.
- Mini-markets, Mom & Pop stores, wet markets and traditional stores maintain 50 percent market share.
- The number of suppliers has been growing along with those providing private brands.
- Negotiations between the new retail structure and suppliers have changed. Suppliers deal with fewer but stronger retailers.

COSTS AND IMPORT REQUIREMENTS TO CONSIDER BEFORE EXPORTING

Import Licensing Requirement: The Colombian Government maintains control over imports through the Ministry of Commerce, Industry and Tourism (MOCIT). All responsibilities in dealing with Colombian foreign trade have been transferred to the MOCIT including the issuance of import licenses and the registration of imports.

Because most, if not all, agricultural commodities require permits or have to be approved by another government agency (i.e., the Ministry of Agriculture), they need an import registration at the MOCIT to enter the country.

For food and agricultural products there are two import categories:

1. **Licencia Previa.** Imports that need prior government approval.
2. **Libre.** Imports free of pre-government approval. In this category products can enter the country without restriction. However, products in this category must be registered at the MOCIT.

Tariff Rates

Most processed foods are assessed a 20 percent ad-valorem import duty. However, some high-value food product imports, such as fresh/chilled and frozen pork and chicken parts, are subject to the Andean Community's price band and reference price system, which can markedly increase the Colombian import duty. The United States Government views the reference price and price band systems applied by Colombia to be inconsistent with Colombia's World Trade Organization obligations. The price band system distorts trade and does not operate in a transparent manner. Colombian processed food imports from Chile and member countries of the Andean Community (Peru, Ecuador and Bolivia) enter duty-free. This, combined with lower transport charges, provides a significant cost advantage to import from regional suppliers rather than to purchase from the United States. This is particularly true for fresh and processed fruit, wine, and at times for meat.

For those United States products subject to the price band system, import duties are calculated based upon the CIF adjusted floor, ceiling, and reference price levels determined by the Andean Board of Directors. The Andean Community establishes annual ceiling and floor prices every April. The Andean Community adjusts the reference prices every two weeks, per prices recorded by indicative markets for each marked product. If the applicable reference price falls within the floor and ceiling price band, the import duty is calculated by applying the common external tariff rate for the Andean Community to the reference price. When the reference price falls below the floor price, a variable levy, or surcharge, is applied, that is based on the difference between the floor price and the reference price. This surcharge is levied in addition to the applied duty. Conversely, when the reference price exceeds the ceiling price, a reduction is made to the applied duty, based on the difference between the reference and the ceiling prices. The duty paid is the total import duty times the declared import value.

The Total Import Duty is updated and published on the web page of the Andean Community (http://www.comunidadandina.org/politicas/franja_circular.htm) twice a month.

Value-added Tax (VAT)

- Most imports are subject to the VAT (value-added tax).
- VAT is assessed on the CIF value plus import duties.
- The VAT fluctuates between 10 percent and 16 percent.

Law 111 of 2006 aimed to reform the tax system, modified the VAT for a number of food and agriculture products:

*Imports of several agricultural products, including some feed grains, beet & sugar cane, cocoa powder, glucose, cocoa preparations, bakery products, non-filled pastas and cotton fibers are levied a 10 percent VAT.

*Exempted from VAT are fresh, chilled or frozen meats; fresh, chilled or frozen fish; some select milk products including fresh cheese, milk preparations for infant use, table eggs and fertile eggs.

VAT for liquors and wine is applied on the customs value plus a 35 percent markup to a specific levy based on the degree of alcohol.

Import Documentation

The following steps must be accomplished in order to carry out an import:

- a) The exporter must provide a pro-forma invoice to the importer. The invoice should contain the specific product name, quantity, weight, and value per unit.
- b) The local importer should verify the Colombian harmonized schedule to see how the product is classified and its import requirements.
- c) Based on the above information, the importer requests a commercial invoice from the exporter, including the currency used for the transaction, FOB or CIF prices, and terms of payment.
- d) Where required, the importer must obtain a sanitary permit for products from the Ministry of Agriculture's Colombian Agricultural Institute (ICA). This permit details the sanitary import requirements for the corresponding products.
- e) Importer obtains and submits the Import Registration form with the MOCIT.
- f) Importer obtains import license. The Colombian importer must first obtain the import permit from ICA, before requesting an import license from Ministry of Commerce, Industry and Tourism (MOCIT). **ICA resolution 414 of February 19, 2002, requires that the sanitary export certificate issued by the exporting country sanitary authority be dated after ICA's import permit.** The Colombian importer should provide the sanitary import permit to the U.S. exporter for submission to USDA, before products are shipped. USDA will then issue a sanitary export certificate referencing the listed requirements in ICA's import permit. In the case of meat and meat products, FSIS (Food Safety and Inspection Service) of the USDA maintains the current sanitary requirements and each exporter can take them from there. Both FSIS and APHIS place the Colombian sanitary requirements on their respective Web page. An export health inspection is done upon arrival in Colombia.
- g) Obtain a sanitary registration approval from INVIMA. All domestically produced and imported food products require a sanitary registration approved (INVIMA)
- h) Make arrangements with a financial entity for payment of the importation either through a letter of credit or direct payment.
- i) Ask the exporter to ship goods to a Colombian port along with the packing list and certificate of origin along with the health export certificate. No shipments should be loaded and transported without the submission of the sanitary permit.
- j) Request the bill of lading from the transportation firm.
- k) Make arrangements, with the SIAs or Customs Intermediary Entities to receive the merchandise. All merchandise must be transferred to either bonded warehouses or free trade zones. Transfers must be done within two days from airport arrival or five days from

seaport arrival. Products are allowed a maximum of two months from the arrival date while undergoing customs clearance. A two-month extension is possible. If extension period expires, products are declared abandoned by Customs.

Note: The importer must keep import documents for a period of not less than five (5) years. Documents must be in Spanish.

Section III. MARKET SECTOR STRUCTURE AND TRENDS

Hotels, Restaurants and Institutional Sector

The hotel business in Colombia has been steadily growing since 2000 and reached a 17.3 percent recovery in 2006, which has amounted to an increased occupation rate of 56.4 percent and estimated total sales of \$1.6 billion in 2007. The recovery of the industry is due to different factors such as an improvement in the security situation, economic growth, an improvement in hotel infrastructure, and a wider variety of tourist packages (i.e. growing agro-tourism in the coffee region) that appeal to Colombians and international tourists. Tax exemptions have also spurred on hotel construction, remodeling and expansion, which have attracted a total investment of \$250 million since 2005. The hotel growth has mainly occurred in Bogota (14.8 percent), Antioquia (9.1 percent), Bolivar (8.5 percent) and Cauca Valley (8.3 percent), which means that 40.6 percent of the hotel capacity is concentrated in the above-mentioned four zones.

The amount of tourists visiting Colombia has doubled since 2005. Cruise ship arrivals to Cartagena in 2006 brought 42,024 visitors, and increased to 108,992 visitors in 2007. Colombians are traveling more for both business and pleasure as a result of recent improvements in the overall security of the country and due to the economic growth that has taken place.

The restaurant sector grows at a continuous pace of 6 percent a year and data from the Colombian Restaurant Association (ACODRES) indicates that total sales in 2006 and 2007 reached \$2.7 billion and \$3 billion respectively. Restaurant sales are expected to continue strong in 2008, but may be losing momentum due to the current world economy.

Colombia has a total of 43 million inhabitants, according to Colombia's National Statistics Department (DANE). There are 61,538 restaurants in the country, or one restaurant for 715 inhabitants. Each restaurant has approximately 6 employees which means that the restaurant sector generates 369,230 jobs.

Fast food restaurants are expanding rapidly and acquisitions and merges continue to occur. McDonalds/Colombia was acquired by Woods Stanton Consortium and is now operating as a joint venture. Burger King returned to Colombia as a franchise with Colombian company Kinco S.A. So far, Burger King opened in Medellin and Cali with a plan to expand to Cartagena and Bogota. Colombian companies such as Kokoriko, El Corral Hamburgers, Presto, etc. are very strong competition for the U.S. chains, especially to those selling hamburgers, french fries, chicken nuggets, etc. The Colombian population is more inclined to eat in fast food restaurants due to their work schedules, price and convenience. Currently, away-from-home meals represent nearly 24% of food spending. High and upper-middle income groups are interested in foreign cuisine and are eating out very frequently.

Most hotels and restaurants in Colombia buy food products from food importers and retailers specialized in food service. Fruits and vegetables are mostly bought from wholesalers. Dairy products are obtained directly from dairy plants and distributors. There are a good number of ethnic restaurants with Mexican, Italian, French, Cajun, Japanese, Chinese, menus, as well

as other cuisines. The ethnic restaurants obtain the products from specialized importers. There are a few restaurants that import products directly, such as the Colombian chain "Crepes and Waffles." The U.S. franchise chains also import products and ingredients directly.

Food Processing Industry

The food manufacturing and beverage production, including feed, represented 20 percent of the total manufacturing industry in Colombia in 2006, according to the Colombian Government Statistics Bureau, DANE. Out of this total, beverages were 5.3 percent, while dairy industry was 3.4 percent; meat and fish processing and preservation were 3.1 percent and other food products amounted 2.9 percent. This industry makes up 15.4 percent of the total industry labor force.

In Colombia, the food and beverage processing and packing equipment industry is privately owned, except for a few government distilleries. Companies range from small family-owned enterprises to multinationals such as Kellogs, Nestle, and Corn Products. Among the largest Colombian companies are Compañía Nacional de Chocolates, Pastas Doria, Zenu, Rica Rondo, Colombina, etc. The sector is an important component of the national economy that contributes approximately 11 percent to the GDP and generates about 15.4 percent of the labor force.

Product lines have diversified and new innovations for new products have entered the market, such is the case in the dairy industry producing lactose free items, in the meat industry with low-fat products, sugar-free confectionary, and cholesterol-free cooking oils. Colombia is a major producer of dairy products, confectionaries, bakery goods, poultry feed, pet food, and oils and margarines.

The Retail Food Market Sector

The retail sector in Colombia is represented by Exito Supermarkets, Carulla-Vivero (a French and Colombian investment partly owned by Casino, the French stockholder which owns 59.81 percent of the shares), Olimpica (100 percent Colombian investment), Carrefour (French and Colombian investment), Alkosto (Colombian investment) and Makro (Colombian and Dutch investment). Makro is focused on bulk and food service sales. Exito is considered by sales and size to be the largest retailer company in Colombia. It has 262 outlets all over the country, providing 34,000 direct jobs. Total sales in 2007 were \$2.3 billion of which 60 percent (\$1.4 billion) are represented by food and perishable sales. Exito has announced the investment of \$360 million in 2009, which will go to opening new stores in the Colombia's coffee region and medium size cities all over Colombia. Exito recently purchased Carulla, the second largest retailer in Colombia, which reported sales of \$1.1 billion in 2007. Food and perishable products sales were \$850 million, which represented 77 percent of total sales. Both retailers are merging and in the first stages of unifying logistics in order to make the operation cheaper and efficient, while keeping each chain's own target markets. Carrefour, with stores in 38 major cities, reported estimated total sales of \$1.4 billion and plans to invest \$300 million dollars in new stores in 2008-2009. Makro has 11 stores and reported sales of \$260 million in 2007, and Olimpica's estimated total sales were \$1 billion. Other minor retailers' estimated combined sales totaled \$1 billion.

Top Colombian Importers and Distributors of High Value and Processed Food

Importer	Products
Industria Nacional de Gaseosas	Compound alcoholic preparations, preparations for beverages manufacturing
Frutcom S.A.	Apples, grapes, kiwis
Nestle of Colombia	Poultry fat, condensed milk, lactose/whey, tomato sauce, bakery products, biscuits, cacao preparations, cereals.
Franchise System de Colombia	Chocolate & cocoa preparations, spices, bakery mixes, sugars.
Italcol Occidente	Meat meal, cookie meal , yellow grease. Oilseed meal.
Harinera del Valle	Corn, wheat, sauces, margarine, baked products.
Universal Foods	Breakfast cereals, chocolate & cocoa preparations, Bakery mixes
Carulla - Vivero	Vitamins, cheese, margarines, dairy spreads, bakery mixes, bakery enhancers, wines.
Grasas S..A.	Sunflower oil, bovine animal fats, edible mixture of animal fats/oils of fish, soybean crude oil.
Cadbury Adams	Coco oil, vegetable oils, glucose, confectionery
Industrias del Maiz	Glucose, sugars, bakery enhancers, mixes and pastas.
Colombiana de Comercio S.A. Corbeta Alkosto	Soybean oil, soups, frozen potatoes, ketchup, tomato sauce, pasta, canned tomatoes, bakery mixes
Aceites y grasas vegetales, ACEGRASAS	Bakery enhancers, shelled eggs, chocolate blocks, cookies, confectionary
Alimentos Polar de Colombia S.A.	Cereals, orange juice, mineral water, apple juice, tomato juice
Effem Colombia, Ltda.	Confectionery, pet food ingredients.
Compania de Galletas Noel	Sauces, vinegar, soy sauce, mustard, homogenized food prep, active yeast.
Grupo Nacional de Chocolates, S.A.	Tuna, peanuts, almonds, soups, broths, cocoa, lactose/whey, cereals.
Agrinal/Agribands-Purina	Sunflower seeds, soybean oilcakes, dog/cat food, fish meal.
Agrodex	Processed inputs for fast foods, cheese, poultry/turkey preparations, spices, bakery products, etc.
FEDCO	Dietetic foods, baby foods and formula, baked foods, cereals, candy and chocolates, food supplements, salad dressings, fruit juices, etc.
Rica Rondo	Frozen pork, edible swine offal, and other edible pork.
EMCD Groupe Casino Americas	Beer, wine, chocolates, candy, baking mixes, carbonated beverages, baby foods and formulas, condiments, processed cheese, cooking and salad oils, canned fruits, dried fruits, cereals, jams and jellies, pastas, salad dressings, snack foods, etc.
Avidesa Mac Pollo	Corn, fish meal,, spices, cookies.
Comerfruit Ltda.	Grapefruits, prunes, apples, prunes, grapes, oranges
Comestibles Alfa	Vinegar, meat and fish bases, canned foods

Congrupo	Food preparations, sauces, pickles, ketchup, vinegars, pasta, confectionary, mustard, soup bases
Crepes and Waffers	Canned fruits and vegetables, mustard, cappers and olives
Distribuidora de vinos y licores	Wine, whiskey, seasonings, breakfast cereals, canned fish products, cookies, vegetables and grains.
Frigorifico de la Costa	Fruit preparations, olives, palm hearts, capers, prunes, fesh fruits, nuts, etc.
Meals de Colombia	Dried fruits, Bakery mixes, Albumines
Importaciones y Exportaciones Fenix	Fresh fruits.
Frigorifico Suizo	Frozen pork, pig/poultry fats, edible offal.
Vigomez	Fresh apples, pears, grapes, kiwis.
Quala S.A.	Dried onions, ice cream flour, yeast, animal fats.
Productos alimenticios El Galpon	Soybean oilcake, corn, animal feed mixes, fish “pellets.
Griffith Colombia S.A.	Pastry, vegetables, spices, lactose, isolated proteins, whey.
Unilever Andina	Bovine fats, coconut and soybean oil, cereal flours, tomato sauce.
Bavaria/SAB Miller	Hop cones, Vegetable saps & extracts, glucose, sugar cane
Importaciones y Asesorias Tropi	Sunflower oil, margarines, vegetable saps , pastas
Almacenes Exito	Tuna, frozen orange juice, bakery products, pastry, marmalade, cocoa preparations, Green peas, onions, garlic, fresh fruit, dry plums, olive oil, wines, salad dressings, sauces, pastas, fresh fruits,

Competition, Consumer- Ready Food

Colombia is a strong competitor in the production of:

Product	Company
Dairy products	Alpina, Colanta, Parmalat, Nestle
Breakfast cereals	Kellogg's, Nestle, Quaker
Snacks	Frito Lay -Margarita, Savoy Brands, Yupi, Nabisco Royal, Kraft Foods
Baked foods	Levapan, Bimbo, Ramo, Comapan
Confectionery	Colombina, Noel, Warner Lambert, Nacional de Chocolates, Chiclets Adams, Italo
Oils and margarines	Grasas S.A., Unilever, Lloreda, Acegrasas, Gravetal
Dry mixes for sauces, mayonnaise, ketchup, mustard, jellies, condiments	Unilever-Disa-Best Foods, California, La Constancia, El Rey, Productora de jugos, Frutos del campo
Poultry feed and pet food	Solla, Purina, Finca, Italcol, Contegral, Nestle Pet care, etc.
Canned food products	La Constancia, Fruco, Comapan

Canned tuna fish	Van cans, Tune
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SECTION IV. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

Colombia is a growing market for value-added food products. Surveyed retailers and producers feel there is significant potential for new products in almost all food product categories. Awareness in Colombia of the importance of **health and wellness** has grown substantially over the past years. This fact will drive the food industry to offer new portfolio of healthy products.

Healthy and ethnic food categories are new and fast growing. Also, wines and gourmet products are penetrating the market with excellent results. Frozen products represent 38 percent of total sales, followed by chilled products at 34 percent, and dry products at 24 percent. Fast food chain restaurants are the largest buyers of frozen products.

Imports of Colombian Agricultural Products - 2007 Best Prospects				
Millions \$				
HS Codes	Description	World	U.S.	U.S. share
0202	Meat of Bovine	6.9	0.1	1.4%
020329	Meat of Swine	9.9	2.7	27.3%
0206/07	Offal	11.1	3.8	34.2%
030329	Salmonidae with bone	6.3	-	0.0%
0404	Whey & milk prdtcs	11.5	2.1	18.3%
0406	Cheese & curd	1.9	0.5	26.3%
0504	variety meats (guts,bladers stomachs & parts)	2.6	0.7	26.9%
080610/20	Grapes Fresh & dried	20.5	5.0	24.4%
080810/20	Stone fruits	68.0	10.3	15.1%
1108	Starches	9.4	-	0.0%
1209	Seeds for Sowing	25.1	5.5	21.9%
1301/02	Gums, Resines, Saps	12.6	3.5	27.8%
1516/17/18	Other Fats and Oils	19.2	3.0	15.6%
1702	Lactose, Glucose, Fructose	22.0	10.5	47.7%
2007/08/09	Fruit Preparations & Juices	22.3	7.1	31.8%
210690	Food Preparations and Suplements	104.9	29.4	28.0%
2204	Wine & Beer	39.6	5.6	14.1%
230110	Flour meal & pellet Meat/Meat offal Inedible	5.5	0.3	5.5%
Total		399.3	90.1	22.6%

Source: World Trade Atlas

SECTION V. KEY CONTACTS AND FURTHER INFORMATION**Related Reports**

Report No.	Report Name	Date
CO-8002	Grain and Feed	3-10-08
CO-8005	Food and Grain Prices	4-21-08
CO-8010	Trade Policy Monitoring Report	8-05-08
CO-8012	Annual Retail	7-10-08
CO-8013	Agricultural Biotechnology	7-16-08
CO-8015	FAIRS Country Report	9-29-08

For further information, visit the FAS home page at <http://www.fas.usda.gov>.

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APPENDIX - STATISTICS

In 2007, the Colombian economy surged to a peak at 8.2 percent, the highest over three decades and exceeding the initial expectative from all economic sectors. A continued flow of foreign investment due to better investment conditions and improved security has been remarkable. Local industry also accomplished plans to expand and to streamline their production facilities. The peso appreciation against the U.S. dollar and the expansion of credit together facilitated the industries' imports of new equipment and helped fund its expansion.

Table - A

Colombian Lead Economic Indicators					
	Economic Growth	Exchange Rate Average	Inflation Rate	Unemployment Rate	Per-Capita Income
	%	Pesos per \$	%	%	\$
2003	3.9	2,875.90	6.5	13.1	1,976.0
2004	4.9	2,635.68	5.5	12.1	2,397.0
2005	4.7	2,321.50	4.9	10.4	2,935.0
2006	6.8	2,358.59	4.5	11.8	3,297.0
2007	8.2	2,077.66	5.7	11.1	3,523.0
2008e	5.0	1,950.00	5.5	11.3	3,628.0

e: estimated

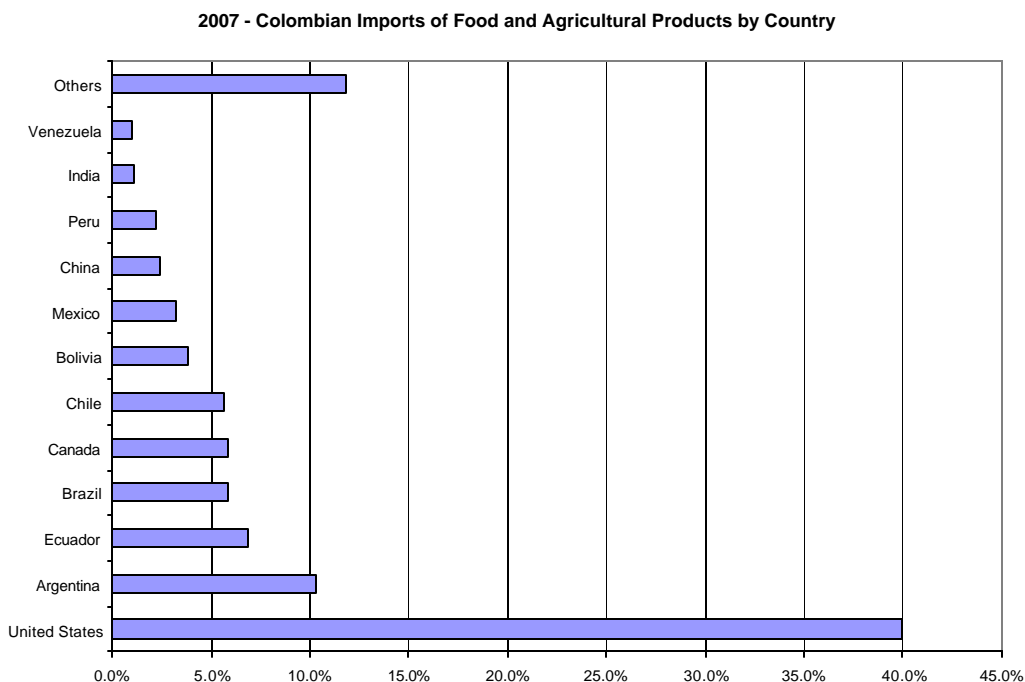
In 2007 the food and beverage industry grew at a rate that was 5.8 percent lower than the previous year, when the industry experienced a 9.2 percent increase and contributed with 1.66 percentage points to the industrial growth in Colombia. The food and beverage industry represented 27.6 percent of total industrial production in Colombia in 2007. The industrial sector shared 22.6 percent of the total employment of the Colombian industry in 2007 and accounted for 3.3 percentage points of the increase in the industry employment.

However, the actual expectations for 2008 are for lower economic growth (approximately 5 percent) which reflects the impact of higher production costs, reduced demand and higher product prices. In fact, during the first semester, the industry started showing signs of a slowdown exemplified by the food industry sector below.

Colombian Food Sectors		
Annual change (June 2008/ June 2007)		
	Production	Sales
Meat and Fish	4.8	-0.9
Fruits/Vegetables/Fats/Oils	-4.3	-12.6
Dairy Products	1.9	-3.7
Milling/Starches	-9.4	-9.9
Bakery and Pastry	6.8	-1.0
Sugar and Sugar products	3.0	7.7
Other food Products	-3.4	-5.0
Beverages	-5.8	-3.7

Source: DANE

In 2007, total imports of food and agricultural products reached \$3.4 billion, a 29 percent increase from the previous year. The United States is the larger supplier of food and agricultural products to Colombia and it is the second larger market for U.S. agricultural products in Latin America after Mexico. Colombia imported \$1.3 billion of food and agricultural products from the United States, an increase of 45 percent over 2006, which represented 40 percent of total Colombian imports of food and agricultural products. Although the Colombian economy is expected to grow at a lower pace this year, the United States will continue to be a main supplier due to US quality product recognition, shorter shipping distances, and strong commercial ties. The industry is supporting the Colombian government in lobbying the US congress for the CTPA ratification, confident that it will increase trade in benefit of both economies.



The South American countries are the second supplier of Colombian food market, and enjoy a preferential duty treatment under the Andean Community agreement. The agreements include CAN (Ecuador, Bolivia, Perú and Venezuela), CAN-MERCOSUR (Brazil, Argentina, Paraguay and Uruguay) and the Colombia-Chile agreement.

Colombia is a developing market for consumer-oriented products. Imports of these products are growing, fostered by the rapid expansion of supermarket chains. Also, more people have become acquainted with international food and different recipes.

Table - B

Colombia - Imports of Consumer Oriented Products 2005 -2007 Millions of US Dollars								
	From All Sources				From the United States			
	2005	2006	2007	Change 07/06	2005	2006	2007	Change 07/06
Snacks Food	51.6	66.4	81.3	22.4	7.7	14.6	20.3	39.0
Breakfast Cereals & Pancake Mix	14.3	19.1	27.8	45.5	0.5	0.7	0.7	0.0
Red Meats, Fresh/Chilled/Frozen	15.4	16.2	29.2	80.2	6.7	4.8	7.7	60.4
Red Meats, Prepared/Preserved	2.4	3.6	3.7	2.8	0.7	1.2	0.7	-41.7
Poultry Meat	15.8	17.8	19.2	7.9	10.6	11.6	14.0	20.7
Dairy Products	50.2	58.6	82.3	40.4	5.3	7.1	6.4	-9.9
Eggs & Products	3.0	1.9	3.1	63.2	1.4	0.7	2.0	185.7
Fresh Fruit	66.6	70.7	100.0	41.4	13.3	13.4	17.5	30.6
Fresh Vegetables	10.5	15.0	17.7	18.0	0.1	0.1	0.1	0.0
Processed Fruit & Vegetables	46.7	54.1	68.4	26.4	4.0	5.1	6.5	27.5
Fruit & Vegetable Juices	63.1	68.5	76.5	11.7	4.9	6.1	7.6	24.6
Tree Nuts	6.1	6.2	5.9	-4.8	0.7	0.7	1.0	42.9
Wine & Beer	28.9	32.9	40.2	22.2	0.8	1.9	2.9	52.6
Nursery Products & Cut Flowers	21.0	21.0	22.0	4.8	2.2	1.9	1.9	0.0
Pet Foods	4.9	6.6	6.1	-7.6	1.8	2.0	2.2	10.0
Other Consumer-Oriented Products	89.9	104.0	127.5	22.6	27.9	30.6	37.4	22.2
Total Consumer Oriented	490.4	562.6	710.9	26.4	88.6	102.5	128.9	25.8
U.S Share					18.1%	18.2%	18.1%	
Total Agriculture	2,205.0	2,683.4	3,457.9	28.9	790.9	955.6	1,382.6	44.7
U.S Share					35.9%	35.6%	40.0%	

Source: World Trade Atlas

Occupation Rate by Gender			
	2005	2006	2007
Men	68.2	64.9	66.9
Women	42.4	37.4	41.1

Source: DANE